

INTERNAL IMPROVEMENTS IN ILLINOIS.

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THESIS #

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INTERNAL IMPROVEMENTS IN ILLINOIS.

AS soon as the American colonies had attained a considerable population and begun to exchange products the question of improved means of communication and transport forced itself upon their attention. The improvements made prior to the Revolution were purely local in character and consisted almost entirely of the construction and betterment of wagon roads. AS early as 1765, however, surveys and other preparations had been made for connecting the waters of Chesapeake bay and Delaware river, but nothing had come of them.¹

Directly after the close of the Revolution a decided impulse was given to improvement schemes by the large amount of capital which had come out from hoards to be invested. But a more profitable channel of investment soon appeared in the ocean commerce and carrying trade, and inland improvements languished for a time.²

For the first forty years after the establishment of the Union, the Constitutional right of the Federal Government to undertake improvements of a character other than military or administrative was a hotly debated question. It was an issue in more than one presidential campaign and always sprang into prominence upon the accumulation or expectation of a surplus in the national treasury. Washington had urged, on grounds of political safety, the importance of improved means of communication between the various parts
Niles, 5, ²McMaster III, 461.

of the Union. But however important the political reasons, the commercial ones were the most potent. The needs of the rapidly growing commerce of the country were so pressing that the States could not wait for the tardy action of the Federal powers.

The first decade of the nineteenth century witnessed a revival of interest in improvement schemes. In 1799 a company with a capital stock of \$400,000 was incorporated by Maryland, Pennsylvania and Delaware for the purpose of constructing a canal to connect the Delaware river and Chesapeake bay.¹ Similar plans and legislation followed rapidly in the other States. Money was voted, lotteries established, and stock companies organized for the purpose of making turnpikes, bridges and river improvements.

From the beginning of government under the Constitution Congress had been repeatedly appealed to in behalf of improvement schemes. It had been asked to build piers, to deepen and construct harbors, to make surveys of rivers and to build bridges turnpikes and canals.² But the powers and duties of Congress in this respect were as yet very ill defined, nor was there any large body of unanimous opinion in regard to them, so the requests for aid resulted in nothing but much discussion.

However by the terms of the compact made with Ohio at the time of her admission to the Union Congress was bound to expend two per cent of the proceeds on the public lands sold in that state in constructing a road to her borders. Accordingly an act making

the first appropriation for the Cumberland road was passed in 1806. The trend of opinion in favor of improvements by the Federal power became more and more decided. Jefferson, now that the national debt was about to disappear and a treasury surplus seemed imminent, recommended that Congress, as soon as the Constitution should be amended to give it the necessary power, undertake a comprehensive system of improvements. The Coast survey, which had been under discussion from 1794, was the subject of several enactments in 1806 and was finally established, as was also a national board of internal improvements, by act of February 10, 1807. On April 4, 1808, Gallatin having been instructed by the Senate to report a plan for a general system of improvements, submitted his famous report on Roads and Canals.¹ This was in the main merely a collection and classification of improvement plans previously suggested and under current discussion.

Among the more important improvements recommended in Gallatin's report were canals opening inland navigation for sea vessels from Massachusetts to North Carolina; a great turnpike road from Maine to Georgia; turnpike roads over the Alleghanies to connect the navigable streams on either slope, and the improvement of navigation in those streams; and the extension of lake and river navigation in the Northwest by means of various canals. The cost of executing this vast scheme, together with such appropriations as would have to be made by way of compensation to those States or parts

¹Am. State Papers, Vol. XX.

of States not directly benefited by the improvements was estimated at \$20,000,000, and Gallatin recommended an annual expenditure of \$2,000,000 for ten years for this object. The money might be expended in either or both of two ways; the government could undertake some of the work at its sole expense, or it could subscribe for stock in companies incorporated for the purpose.

Gallatin's report was submitted at a most inauspicious time because of the serious complications which had arisen with France and England. However the sentiment in favor of improvements at the expense of the Government steadily increased so that at the commencement of hostilities in 1812, the fact that men were at work under Government direction on the Cumberland Road and that an agent of the Government was in Europe selecting instruments with which to undertake a Government Coast survey occasioned no comment whatever.

After the close of the war and the settlement of the questions of greater importance connected with it, the subject of improvements again came up and divided the attention of statesmen with the questions of a United States bank and a protective tariff. The war by its stoppage of coast-wise traffic and consequent enforcement of the use of overland routes of communication, had brought emphatically home to the people the need of such a system of improvements as Gallatin had recommended. As a consequence there was a well nigh universal demand that the Federal Government under-

take improvements. And now this demand found recognition in political campaigns. As Benton puts it, "the candidates for the Presidency spread their sails on the ocean of internal improvements".

The friends of internal improvements were divided into two groups; one including the old school Republicans, represented by Madison and Monroe, following Jefferson, believed that an amendment to the Constitution was necessary to enable Congress to undertake improvements; the other, including the young Republicans, represented by Clay and Calhoun, believed that no amendment to the Constitution was necessary to Congressional action. Madison and Monroe in their messages to Congress repeatedly called attention to the need, on political, commercial, industrial and military grounds for better means of communication and transport between the different sections of the Union, especially between the states east and those west of the Alleghannies; but they never failed to add their belief that an amendment to the Constitution was necessary before Congress could act. In 1817 Calhoun and Clay secured the passage of the "Bonus Bill", setting aside the bonus to be derived from the United States Bank as a fund for internal improvements, but in accordance with his view of the Constitution, Madison vetoed it. In 1819, Calhoun as Secretary of War reported under the instructions of the House a plan for the construction of certain roads and canals deserving aid by Government with a view to military operations in time of war. In 1822 Monroe vetoed an appropriation for the Cumberland Road be-

/ Thirty Years View Vol. I, p. 22.

cause it provided for the erection of toll gates to be kept by Federal officials. He held that Congress might appropriate money to be expended under the direction of the states, but that for it to take actual jurisdiction of any enterprise must inevitably result in collisions between Federal and State authority. Having this distinction in view he had previously approved appropriations in aid of various enterprises, including one for the repair of the Cumberland Road. This road seems to have been of such great usefulness that Congress made appropriations in its support from time to time without attaching any importance to such action as a precedent!

All the candidates for the Presidency in 1824 either openly favored improvements without a constitutional amendment or remained non-committal on the subject. Adams and Clay were the most ardent advocates of Government enterprise, and in his first message the former announced internal improvements as the cardinal policy of his administration. But as a minority President he had to encounter a personal and very bitter opposition in Congress. New England, not having any system of improvements to be aided by Congress, was indifferent on this subject. New York, having completed her canal system was in the opposition. And as it became apparent that the States to profit most by improvements were the new and frontier ones, the older Southern States added opposition to improvements to their opposition to a protective tariff and denounced both as unconstitutional. As a result nothing was done in behalf of improvements
/ Schouler III, 252.

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during Adams's administration, beyond the passage of some fruitless resolutions and a few casual appropriations. The House and Senate failed to agree on a measure to provide for the erection of gates and the collection of tolls on the Cumberland Road, and that enterprise secured nothing beyond an appropriation for repairs. There seemed to be a growing disposition in favor of turning the road over to the ~~disposition of the~~ States through which it ran to be operated by them.

The first session of Congress under Jackson's administration passed five improvement bills. Of these Jackson approved only one and then with the understanding that a particular construction was to be put upon it. In defense of his action he took the same ground that Monroe had taken in 1822, and indeed, went further, in declaring that such legislation would result in extravagance, log-rolling and corruption. The veto of the first of these measures to reach him, the Maysville-Lexington turnpike bill, may be regarded as the death knell of the policy of Federal control of internal improvements. Since that time Congress has had nothing to do with the construction of improvements intended to yield a revenue under the management of Federal officials, nor is there any longer a demand that it should. Federal assistance toward improvements since that date has consisted of donations of lands or funds to the States directly or to particular enterprises and of what is now known as river and harbor appropriations.

Now let us observe the general course of the States in the

matter of improvements during the years before 1830. Gallatin's report, though not resulting in Congressional action, had greatly stimulated State and corporate activity by the information given out and especially by the proposal that certain improvement projects might receive government aid. By 1810 over one hundred and eighty turnpike companies had been chartered in New England alone.¹ By 1811 New York had chartered one hundred and thirty seven with a total length of roads projected of 4500 miles.² From 1809 to 1815 the Pennsylvania legislature passed more than forty acts for turnpike roads and twenty^{four} for bridges, besides several for the improvement of streams.³ The expenditure of that State for these purposes during the years named amounted to \$1,070,500 or considerably more than its entire expenditure for the war. Pennsylvania also incorporated the Union Canal Company to complete the work, begun twenty years earlier to unite the Schuylkill river with the Delaware and Susquehanna rivers. The New York legislature passed an act to provide for the improvement of the internal navigation of the State and appointed nine canal commissioners having in charge the construction of a canal connecting the Hudson river with the Lakes. The promoters of these and other projects confidently appealed to Congress for aid expecting that, if not an appropriation of funds, at least a donation of public lands would be granted them. But Congress contained so many members who had Constitutional scruples, or were jealous, or thought the time inopportune, or believed the schemes extravagant, or were indifferent, that no final action could be secured.

¹ McMaster III, 463. ² Ibid. ³ Niles 9.

Bills providing for government subscriptions of stock or making grants of land in aid of improvement enterprises died either in committee or by disagreement of the two Houses. The consequence was that most of the states decided to wait no longer for Congress to take the initiative. In 1812 New York set about preparations to undertake single handed the construction of the Erie Canal, and by 1817 work was begun on it. In that year Pennsylvania appropriated \$530,000 for improvements. This sum was to be expended chiefly on roads and rivers but she also had elaborate schemes for canal connection with central New York, the Lakes, and the Ohio. Two years later North and South Carolina each had its Board of Public works, its corps of State Engineers and plans for a complete system of improvements! And indeed there were few States which did not before 1830 undertake, or make preparations to undertake, some great improvement or system of improvements.

This activity on the part of the States did not lessen the appeals and petitions to Congress for aid. In fact many of the State enterprises were undertaken with a full expectation that they would receive Federal aid - an expectation that was fully warranted by the great and growing popularity of the "American System". But, as has already been observed, these hopes were dashed by the policy of Jackson's administration as indicated by his veto of the Maysville-Lexington turnpike bill.

The facts in regard to the attitude of the Federal Government toward internal improvements previous to 1830 as outlined North Am. Rev. Vol. 12, p. 16; Vol. 13, p. 143.

above, are important to a correct understanding of the action of the States on the matter both before and after that date. We have seen that Washington, Jefferson, Madison, Monroe and Adams - all more or less strongly favored the undertaking of improvements by the Federal power; that as the functions of government became more and more centralized and the idea of the centralization of power became more fully developed and widely spread among the people, popular sentiment in favor of Federal improvements became wellnigh universal; and that to the growth of this sentiment commercial, and later, military, needs contributed most powerfully. On the other hand we have seen that this desire for Federal improvements failed of results because of (1) foreign complications at a critical time, (2) the Constitutional scruples of Madison and Monroe, and (3) the Congressional opposition to the administration of John Quincy Adams, and that it finally broke down under the decentralizing policy of Jackson's administration. The result was that most of the States, impatient of the delay in Federal action, had meanwhile undertaken improvements on their individual responsibility. Then when the final overthrow of expectations of Federal aid came under Jackson, all the enthusiasm which had hitherto supported the "American System", intensified by feelings of local interest and pride was turned to the support of State enterprises. The Federal power had encouraged a popular desire for improvements and had also thwarted that desire because it had not the Constitutional authority to fulfill it. The people thereupon promptly sought to accomplish

their wishes through the local governments. As a consequence between 1830 and 1840 the states almost universally embarked in enterprises of the most extravagant magnitude, resulting in a vast indebtedness and an almost complete destruction of State credit. Of this craze and its consequences Illinois had her full share.

THE ILLINOIS - MICHIGAN CANAL.

The Illinois-Michigan Canal has always been the pet improvement project of Illinois. The idea of a canal to complete the connection, so nearly established by nature, between the Illinois river and Lake Michigan occurred to the earliest explorers of the Northwest. In 1673, Joliet, in returning from an exploration of the Mississippi river, ascended the Illinois and crossed the portage between its headwaters and the Chicago river. Such was the ease of this portage, ^{that} he at once suggested the ultimate making of a canal across it. The ground between these two streams was described as being then very low and marshy so that in the wet season a sort of lagoon was formed there; and so nearly were the streams on the same level that the course of the water in the lagoon whether through the Chicago river into Lake Michigan or through the Des Plaines river into the Illinois was determined by the direction of the wind. In the dry season the portage was at most about nine miles long. This route from the Lakes to the Mississippi was much used by the early French traders, for during the wet season boats of six or
/ Winsor, Cartier to Frontenac, p. 244.

eight tons burden could readily pass through the lagoon between the Chicago and the Des Plaines rivers. Gallatin in his report on Roads and Canals in 1808 in enumerating the "principal communications now in use" between the Lakes and Ohio and Mississippi rivers speaks of a "natural canoe navigation" in time of high water between the headwaters of the Illinois river and the sources of Chicago creek.¹ In 1816 a tract of land bordering on Lake Michigan and extending to the Illinois river was obtained from the Indians for the purpose of opening a canal between the lake and the river. It was represented to the Indians that this canal would be of very great advantage to them and they therefore ceded the lands for a trifle. In a report made to the Secretary of War in 1817 on the subject of water communications between Lake Michigan and the Illinois river Major Stephen H. Long mentions "a kind of canal which has been made partly be the current of the water, and partly be the French and Indians for the purpose of getting their boats across in that direction in time of high water". Secretary Calhoun, in 1819, in a report to Congress on such roads and canals as were required "with a view to military operations in time of war, the transportation of munitions of war, and the more complete defense of the United States", mentioned "a canal from the Illinois river to Lake

Report to the secretary of War of R. Graham and Joseph Phillips, April 4th, 1819. Am. State Papers, Vol. XXI, P. 556.

American State Papers, Vol. XX, p. 735.

Message of Gov. Edwards, Dec. 20, 1826.

American State Papers, Vol. XXI, p. 555.

Michigan", and spoke of it as one "which the growing population of the State renders very important". Upon the organization of the State government in 1818, Gov. Bond, in his first message, made a strong recommendation to the legislature in favor of constructing the canal. And subsequently the matter was repeatedly urged upon the attention of the legislature both by Gov. Bond and by Gov. Coles. But in advance of any action by that body Congress passed an act March 30, 1822, "authorizing the State of Illinois to open a canal through the public lands to connect the Illinois river with Lake Michigan". Ninety feet of land on each side of the canal was granted to the State, and it was also given the right to take from the government land any material needed for construction of the canal. By the terms of the grant the canal was to be begun within three years and completed within twelve. The lands through which it should pass were reserved from sale until specially directed by law as it was expected that the canal would greatly enhance their value.

In accordance with this act the Illinois legislature in February 14, 1823, appointed five persons "a board of commissioners to consider, devise and adopt measures to affect the communication by canal and locks, between the navigable waters of the Illinois river and Lake Michigan"; and "to make or cause to be made estimates, etc., for completing said canal, and report to the next general

assembly". The sum of \$6,000² was appropriated to defray the expense.
/ Am. State Papers Vol XXI, p. 535.

² According to Ford Hist. of Illinois p. 179, this appropriation was \$10,000. Forquer says the survey actually cost \$10,589.87, Senate Journal, 1834-35, p. 228.

ses of this commission. The Governor was directed to ascertain on what terms a loan for the construction of the canal could be secured. The commissioners employed two engineers who surveyed a route and reported to the next legislature the estimated cost of the work at ^{from} \$640,000 to \$716,110.71¹. This estimate however based as it was upon a surface examination and survey of the land without ascertaining what amount of rock excavation, if any, would have to be made, and upon other data largely hypothetical, proved to be very much too low.

By an act of January 17, 1826, the legislature incorporated "The Illinois and Michigan Canal Association" with a capital stock of \$1,000,000. The charter provided that work on the canal should begin as soon as ten per cent of the capital stock had been paid in and that it should be completed by the 1st of January 1835. The dimensions of the canal and the tolls which the company might charge were prescribed in the charter. These tolls were to be twice as high on commodities produced outside of the State as on articles of home production. All grants of land or other property made to the State or to the canal company for the purpose of promoting the completion of the canal were to become vested in the company. At the expiration of fifty years after the entire completion of the canal it was to revert to the State, together with all grants and cessions which the company had received. In return the State was to pay the company the sum actually expended in constructing the canal

Senate Journal, 1834-35, p. 228.

with semi-annual interest at six per cent on the amount from the time of expenditure until paid.

Some of the provisions of this act met with very strenuous opposition both before and after its passage. A measure was then pending in Congress for a grant of land in aid of the canal enterprise with favorable prospects for its passage. There was fear that the action of the legislature by which all grants in aid of the canal were in advance turned over to a private corporation would defeat the measure in Congress. David P. Cook, member of the House from Illinois, published an address to his constituents under date of October 28, 1825, in which he strongly attacked the canal company's charter and urged that it be repealed before the corporation should become possessed of vested rights in the canal. He maintained that the rich harvest which it was destined to yield, should go into the treasury of the state, for in less than thirty years it would relieve the people from the payment of taxes, and even leave a surplus to be applied to other works of public utility. But meanwhile efforts to secure subscription of stock in the corporation had resulted in failure. Consequently in 1826 the corporation voluntarily surrendered their charter and the act granting it was repealed. At the same time the legislature transmitted to Congress a memorial enumerating the great national advantages of the canal and praying Federal aid.

On the 2nd of March, 1827 an act was passed by Congress, Laws of Illinois, 1825, p. 160.

chiefly through the efforts of Cook in the House, granting to the State of Illinois for the purpose of aiding in the construction of the canal, every alternate section of land for five miles on each side of the canal. By the terms of the grant work was to begin on the canal within five years and the canal was to be completed within twenty. The total amount of land thus secured in aid of the enterprise proved to be about 300,000 acres.

In harmony with the act of Congress the Illinois legislature, January 22, 1829,² passed an act providing for the appointment of three commissioners whose duty it should be to consider devise and adopt such measures as might be required to accomplish the construction of a canal between the Illinois river and Lake Michigan. They were to have new examinations and surveys made, fix the route of the canal and select and offer for sale the lands granted by Congress. Their expenses were to be paid out of the funds derived from the sale of the lands. On February 15, 1831, another act amendatory of the above was passed. It constituted the board a permanent body to be known as "The Board of Canal Commissioners of the Illinois and Michigan Canal", and directed them to begin work, on the canal in time to save for the State the Congressional grant of

/ There was a division of opinion as to the best route of the canal. The route from the Kalamick or Calumet to the Illinois somewhere the near Joliet received strong support. See Long's expedition Vol. I, 166; and an article by Gov. Coles in Illinois Monthly Magazine, Oct., 1830.

² Laws of Illinois, 1829, 14.

land. They were also to ascertain whether a railroad between the Chicago and Des Plaines rivers "is not preferable or will be of more public utility than a canal". The lands were to be withdrawn from private entry, subdivided into tracts and publicly sold. Under the provisions of these two acts the commissioners caused new examinations and surveys of various routes to be made, laid out the towns of Chicago and Ottawa, and sold lands and town lots to the amount of \$18,924.83². The question of substituting a railroad for the canal now became one of very serious consideration. Gov. Reynolds in his message of Dec. 4, 1832, declared himself strongly in favor of a railroad as the only practicable mode of connection². The commissioners reported the estimated cost of the canal at \$4,043,086.50 and of a railroad at \$1,052,488.19³, submitting also an estimate for a turnpike road as that project had some advocates. They had however "formed a most decided judgment against a further prosecution of the canal scheme, and caused a survey of a railroad to be made, under the conviction that it would unhesitatingly be adopted by the legislature over a canal"⁴. The arguments brought forward by the committee and the ones usually made by those in favor of a railroad rather than a canal were the much smaller original cost of the former, its superiority for travel and the transportation of quick and light freight, the nature of the ground to be traversed,

¹ Laws of Ill., 1831, 39.

² Senate Journal 1834-35, 229.

³ Senate Journal 1823-33, 227

⁴ Senate Journal 1832-33, 218.

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the character of the traffic to be carried, the smaller liability of a railroad for repairs, its capability of use throughout the year, and the greater facility with which subscriptions of stock for it could be secured.¹ Influenced by these arguments, the commissioners, having done sufficient work to secure to the State the Congressional grant of land and assuming that the powers granted to them in respect to a canal could be exercised equally with respect to a railroad, set about finding out on what terms the funds necessary for either work could be secured. In their report they submit five propositions received by them from Eastern capitalists as follows:

1. To take the donation in lands, make the work and own both donation and work.
2. To subscribe under a charter one half of the stock in a railroad and own the work and land jointly with the State.
3. To lend to the State the necessary funds for constructing the work.
4. To subscribe for the stock of a company incorporated to construct it.
5. To subscribe for one half of the stock of such company on the condition that the State would sell to the company one half of the donation at \$1.25 an acre.²

None of these propositions were accepted by the general assembly. A very determined spirit was manifested against allowing
Senate journal, 1832-33, p. 217 seq., also Gov's Message Dec. 2, 1834,
~~Senate Journal 1834-35, 17, ²Senate Journal 1832-33, p. 225.~~

a corporation to obtain control of the contemplated improvement. A bill to incorporate a company for undertaking the work was passed by the House but met defeat in the Senate. There was, however, a feeling of dissatisfaction with the existing legislation on the canal-railroad subject and with the work of the commissioners, accordingly, on March 1st 1833, an act was passed repealing the acts of January 22, 1829, and February 14, 1831, and abolishing the board of commissioners. The commissioners were to turn over all funds in their possession deliver up all papers, vouchers, etc., of their transactions to the State treasurer. The auditor, attorney-general, and treasurer were to examine the accounts of the commissioners and if all funds, etc., were not fully accounted for to commence suit at once upon the official bond of the delinquent. The amount the commissioners had expended altogether under the acts of 1829 and 1831 was \$16,974.83 for which no substantial progress could be shown.

The question whether a railroad or a canal should be constructed being yet undecided, Congress, on March 2nd, passed an act authorizing the State to use the lands granted for a canal in the construction of either a canal or a railroad as the legislature might deem proper, and extending five years longer the time for commencing and completing either.²

At the session of the general assembly in 1834-35 both Gov. Ewing in his valedictory message and Gov. Duncan in his inaugural address very strenuously urged that the legislature take some

¹ Revised Statutes of Ill., 1839, p. 115

² Senate Journal 1834-35, 229.

vigorous and decisive action in regard to constructing an improved means of communication between Lake Michigan and the Illinois river. Public opinion demanded it and would not brook a longer delay. Gov. Ewing favored a railroad and declared it to have the strongest popular support. Gov. Duncan recommended a canal and urged that it be constructed of dimensions sufficient to accommodate steamboats as within a very few years they would be required to handle the traffic of the route.

The arguments generally advanced in favor of a canal as against a railroad were that it would not wear out and have to be replaced in a period of years, that insomuch as it was water routes which were to be connected, a water communication between them was desirable; that a canal would furnish a better means for the transportation of agricultural produce, which, and not the convenience of travelers, was the object sought; and finally and most important, a canal would not be a monopoly, but would leave every farmer free to transport his own produce to market at his own pleasure subject only to nominal tolls.

The Senate referred to the Committee on Internal Improvements those portions of the message dealing with that subject. The committee was instructed to inquire into the expediency of making a loan on the credit of the State for the purpose of constructing the canal, and whether a canal or railroad should be constructed.

The report of the committee was submitted through the chairman, Gov.'s Message, Dec. 4, 1834; Senate Journal 1834-35, 230 seq.

George Forquer, on the 13th of the following January. This report, a very elaborate and able document, gave a brief statement of former efforts to construct the canal and then entered into a very thorough discussion of current plans for that purpose. As to the question of a canal or a railroad the committee very decidedly favored a canal. A mania for railroads had prevailed for a season, but now, the committee said, the public judgment had settled down in favor of canals.

The second question taken up in the report was whether the State should obtain a loan and construct the work herself or incorporate a company for the purpose. The committee declared that the adoption of any plan which did not contain a guarantee of the speedy commencement and completion of the entire work would be worse than no action whatever. Various plans for turning the work over to a corporation were discussed by the committee and all rejected as either lacking in sufficient inducements to capitalists or too unfavorable to the state. Emphasis was laid on the difference in the motives which would induce a company to undertake the enterprise and those which should impel the State to do so. A company could receive no other benefits than the profits on its investment whereas the State would gain greatly in the stimulus given to immigration, industry and enterprise by such an improvement. In view of this latter consideration the committee recommended that a loan sufficient to complete the entire work be made upon the faith and

credit of the State, and that a portion of the town lots and canal lands be sold from time to time to pay the interest. A bill for that purpose accompanied the report. It was passed by the Senate and would certainly have passed the House had not the Governor in a special message assured the legislature that the loan could be secured upon a pledge of the canal lands alone. Amended in this respect the bill passed. It authorized the Governor to negotiate a loan of not more than \$500,000 "solely on the pledge of the canal lands and tolls". The stock was to be called the "Illinois and Michigan Canal stock", and could not be sold for less than par.

Governor Duncan deputed Ex-Gov. Coles, then a resident of Philadelphia, to negotiate a loan. This he was unable to do.

Capitalists and stock brokers refused to accept the bonds because the State did not pledge their redemption nor provide any fund for the payment of principal or interest except such as should arise from the canal lands and tolls. Neither did the pledge of canal lands and tolls amount to a legal loan or mortgage on them. Moreover since the lands could not be sold under the act, and since, as was very well known and even implied in the act itself, this loan would be insufficient to complete the canal, no interest funds could arise from these sources. For these reasons, therefore, no matter how much the State might feel itself in honor bound to provide for the payment of the interest and principal of the loan, the bonds would prove unsalable on the European market where they had

/ Senate Journal 1834-35, 229 seq.

ultimately to be placed.¹

The inability to place the loan authorized by this act necessitated its repeal. This was done at the next session of the legislature, 1835-36, and another canal act, the basis of the legislation under which the canal was finally constructed, was passed. But before taking up the consideration of that legislation, and the further efforts to construct the canal, it will be necessary to mention here some other laws of this period which very materially affected the subsequent history of the canal.

On February 12, 1835, an act was passed incorporating the State Bank of Illinois. The capital stock of this bank was to be \$1,500,000, of which \$100,000 was to be subscribed by the State and the remainder by individuals. On the same date an act was passed to extend for twenty years the charter of the Bank of Illinois at Shawneetown,. This institution had been chartered in 1816 with a capital stock of \$300,000, one third of which was to be open to be subscribed by the State. It had failed in 1821 and ceased operation from that date until revived by the act extending its charter as mentioned above. On March 4, 1837 an act was passed "to increase the capital stock of certain banks and to provide means to pay the interest on a loan authorized by an act entitled "an act to establish and maintain a general system of internal improvement". It authorized an increase in the capital stock of the State Bank of Illinois of \$2,000,000 the whole of which was to be subscribed by
/ House Journal 1835-36, 14, Gov Coles to Gov. Duncan.

the State; and likewise authorized an increase in the capital stock of the Bank of Illinois at Shawneetown of \$1,400,000 of which \$1,000,000 was to be subscribed by the State. The board of fund commissioners established by the improvement act of February 27 preceding to negotiate a loan of a sum not exceeding \$3,000,000. For this loan certificates of stock to be called "Illinois Bank and Internal Improvement Stock", were to be issued on the faith and credit of the State. This stock was to be disposed of in such quantities as should be necessary to enable the State to meet the payments on the stock subscribed by it in the banks.

On February 27, 1837, the act "to establish and maintain a general system of internal improvement" was passed. This act will be discussed in detail below. Mention may be made here however, of the establishment of a Board of Fund Commissioners and the authorization of the board to negotiate a loan on the faith and credit of the state of a sum not exceeding \$8,000,000 for which it should issue "Certificates of Illinois Internal Improvement Stock".

By act of March 1, 1839, the Governor was directed to borrow a sum not exceeding \$128,000 for the "payment of the ordinary expenses of government and all other appropriations by law". He was authorized to issue certificates of stock for the amount borrowed. The object of this loan was to provide a fund for building a State House at Springfield.

Bearing in mind the extent to which the credit of the

State was made use of by the various legislative acts we will now return to the canal act of January 9, 1836. By its provisions the Governor was authorized to negotiate a loan for a sum not exceeding \$500,000, for the purpose of aiding in the construction of the canal in connection with such other means as might afterwards be received from the government of the United States. For this loan certificates of stock, to be called the "Illinois and Michigan Canal Stock", were to be issued. They were to bear semi-annual interest at six per cent and be redeemable after 1860. For their payment the faith and credit of the state was irrevocably pledged. The revenues arising from the canal and from all lands granted to the State by Congress in aid of the canal were specifically pledged for the payment of the interest accruing on the stock and for the reimbursement of the principal. The money obtained on the loan and from the revenues above described was to constitute the canal fund to be used exclusively to construct the canal, save that appropriations from it for the payment of the interest on the canal debt were not forbidden. This fund was to be deposited in some safe bank or banks, at the best rate of interest obtainable to be drawn upon as needed. The Governor was to appoint three persons to constitute "The Board of Commissioners of the Illinois and Michigan Canal", which should be a "body politic and corporate". The canal was to extend from the town of Chicago to the mouth of the Little Vermillion river in LaSalle county, a distance of approximately one hun-

dred miles. The Board was directed to begin work on the canal at once and was fully empowered to complete it. The places most eligible for town sites along the route of the canal were to be selected by the commissioners and laid off into town lots. Provision was made for selling these lots and other portions of the canal lands. Detailed quarterly reports and a summarized yearly report of all the "acts and doings" of the Board in relation to the canal and the canal lands and funds were to be made to the Governor who was to publish them.

In accordance with the provisions of this act the three commissioners were duly appointed by the Governor. They employed a new engineer who, after an investigation, estimated the cost of the canal at \$8,654,337. This estimate made, however, for a canal of larger dimensions than had ever been considered before, was more than double any previous one. On June 20, 1836, the canal locks in Chicago, a few acres only, were sold for \$1,503,495.¹ This was at the period of the most extravagant speculation in Chicago lots, which fact, added to the one that the canal lots were sold on credit, accounts for their enormous price. Many of the purchasers of these lots, after the financial revulsion of 1837, were unable to pay for them and they reverted to the state.²

The new commissioners promptly began to let contracts for work on the canal and on July 4, 1836, the first ground for it was broken at Chicago. The event was celebrated by the reading of the / Brown, History of Illinois, 417 note.
~~Canal Commissioners' Report, Report of Sessions, 1840-41.~~

Declaration of Independence and the delivery of patriotic addresses

Many difficulties were encountered in undertaking the work. Wages and prices of provisions of every sort were extravagantly high. There was a great scarcity of laborers and much sickness among those employed. The route of the canal lay in part through marshy ground and in the first year \$40,000 had to be expended in constructing roads to make it accessible. However, as we shall see, the physical difficulties of the work were not the most serious that the promoters of the canal had to encounter.

The act of January 9, 1836, was very frequently amended, but most of the amendments have to do with details of construction and management of the canal and so are of little general interest. By act of March 2, 1837, the commissioners were directed to sell sufficient of the canal lands in Chicago township and of alternate lots in the town sites along the route of the canal to yield the sum of \$1,000,000. The Governor was authorized to negotiate another loan of \$500,000 whenever the commissioners advised him of its necessity. This loan was to be expended on the canal during the year 1838.

A special session of the legislature was called in the summer of 1837 to legalize the suspension of specie payments by the banks. On July 21, an act was passed authorizing the Governor to borrow \$300,000 more to meet any deficiency that might occur in the canal funds for the years 1837 and 1838.

Another loan in aid of the canal was authorized by an act of February 23, 1839. The Governor was directed to issue bonds for all or any part of the sum of \$4,000,000, in the English or any foreign language, stipulating for the payment of interest and principal at any place either within or without the United States and in such sum as might be agreed upon between the contracting parties. These bonds were to be called the " Illinois and Michigan Canal Stock". Advances on them in amounts of \$100,000 were to be made as needed for expenditure on the canal. For the payment of the interest and principal of the bonds the faith of the State was irrevocably pledged and all lands granted, or that might afterward be granted, by Congress in aid of the canal, the canal itself and all revenues in any way arising therefrom were declared a specific security for the loan subject only to previous pledges.

Under the provisions of these various acts, loans had been negotiated by the close of the year 1839, to the extent of \$2,550,000. The loan of \$500,000, authorized by act of January 9, 1836 had been placed with the State Bank of Illinois at a premium of five per cent. The \$500,000 of bonds, authorized by act of March 2, 1837, had been sold to the same institution at par and the \$300,000 of bonds, authorized by act of July 21, 1837, had been sold in New York at par. On the loan of \$4,000,000, authorized by act of February 23, 1839, 1250 bonds of 225 pounds sterling each had been sold in London approximately at par.

By the beginning of the year 1840, the financial panic of 1837 and 1839, the immense quantity of the bonds of Illinois and of other States which had been dumped on the market, and the total failure and abandonment of the projected systems of improvements in nearly all the States, had made State securities unsalable save at an extremely low figure. The laws under which the loans for the Illinois and Michigan canal were authorized forbade the sale of the bonds of the State below par. As a result the canal commissioners found themselves without funds and no means of procuring them. The amounts due to contractors for the last quarter of 1839 had been paid by the issuance of checks or certificates, authorized by act of February 1, 1840, to the extent of \$409,448. These checks bore six per cent interest and were payable at the Bank " whenever funds had been deposited for that purpose". They could not be issued for sums due after March 1, 1840. At this juncture in order that work might continue on the canal, the contractors agreed to accept one million dollars of bonds at par and themselves sustain the loss due to the depreciation of the bonds in the market. They could very well afford to do this, since prices and wages had fallen more than 25% from what they were in 1837 at the time the contracts were taken. In this way work was kept up on the canal during 1840, although every other internal improvement had been abandoned. The State sent an agent to London to dispose of the \$1,000,000 of bonds accepted by the contractor and he succeeded in selling them at a discount of about 17%. During the next year the contractors accepted \$197,000

more of bonds, but the inability of the State to meet its interest payments on them and the complete failure of the State banks at the beginning of 1842, had made the canal bonds unsalable at any price. Interest payments on the canal debt had ceased in July 1840. Sales of canal lands could not be made and as the previous sales had been chiefly on credit no funds were available from that source. In his valedictory message Gov. Carlin recommended that the State declare itself insolvent and surrender all the canal property for the benefit of the bond holders. His recommendation was not followed.

Meanwhile a plan for completing the canal had been set on foot and, in 1844, it was enacted into law. By this measure the unfinished canal was to be placed in the hands of three trustees, one of whom was to be chosen by the State and two by the bondholder. The bondholders were to advance \$1,600,000, or as much of that sum as might be needed to complete the canal. The trustees were to operate the canal for the benefit of the bond holders until all indebtedness incurred on account of it should be paid when it was to be turned over by the trustees to the States.

In accordance with the provisions of this act the trustees were chosen and took charge of the canal. It was completed by 1848, and during its first season's operations yielded the encouraging sum of \$87,890. The total cost of the canal was \$6,409,569 and the entire canal debt in 1848 was \$6,000,000. Under the management of trustees the last loan of \$1,600,000 was paid in 1858. By August 1871 the entire canal indebtedness had been paid and at the close

of that year, the trustees returned the canal to the State with a surplus of \$92,099. Since that time it has been operated by the State and has yielded no inconsiderable revenue. The development of the railroad systems has, however, removed from the canal, much of the importance that was attached to it by its early promoters. In recent years the unusually low water in the Illinois river has greatly hindered canal traffic. From these causes the amount of the tolls received from the canal has steadily decreased from \$302,958 in 1865 to \$55,112 in 1890.¹

THE INTERNAL IMPROVEMENT SCHEME OF 1837.

The craze for internal improvement of which most of the States of the Union were possessed at some time between 1830 and 1840, reached Illinois in 1836. During the latter part of the year public meetings were held throughout the State to discuss the question of improvements. Resolutions on the subject were passed by these meetings, and in most of the Counties delegates were chosen for a State internal improvement convention to meet at the Capital at the same time with the legislature of 1836-37. This convention recommended that the legislature devise and adopt a system of internal improvements that "should be commensurate with the wants of the people", and the delegates undertook an active lobby campaign to secure such a result. Their efforts backed by an overwhelming popular support succeeded in winning over most of those members of

¹ See table ,p.25,Report of Canal Commissioners, Reports to the general assembly, Illinois 1890, Vol. IV.

the legislature who were not already favorable toward the idea of a system of improvements. Consequently on February 27, 1837, an act "to establish and maintain a general system of Internal Improvement" was passed.

This act created a board of fund commissioners of three members whose duties were to negotiate all loans authorized by the State for objects of internal improvement, to execute bonds or certificates of stock for such loans, and to receive, manage, and apply all funds arising from them. It also established a "Board of Commissioners of Public Works", consisting of seven members whose duty it was to superintend the construction of all works of internal improvement undertaken, or to be undertaken upon the authority of the State, except the Illinois and Michigan canal. The board was authorized and required to undertake and complete within a reasonable length of time certain public works. These, with the appropriation made for each, were as follows:

1. The improvement of the navigation of the Great Wabash River \$100,000
2. " " " " " " " " " " Illinois River \$100,000.
3. " " " " " " " " " " Rock River \$100,000.
4. " " " " " " " " " " Kaskaskia River \$ 50,000
5. " " " " " " " " " " Little Wabash \$ 50,000
6. The Great Western railroad, from Vincennes, Indiana to St. Louis Missouri - - - - - \$250,000
7. A railroad from the City of Cairo, via Vandalia, Shelbyville, Decatur and Bloomington, to the Southern termination of the Illinois

and Michigan canal, and from thence by the way of Savannah to

Galena - - - - - \$3,500,000

8. A southern cross railroad, from Alton to Mt. Carmel; and a railroad to Shawneetown - - - - - \$1,600,000

9. A Northern cross railroad, from Quincy to Springfield, and from thence to the Indiana State line in the direction of Lafayette \$1,850,000

10. A branch from the Central railroad, from near Shelbyville to the Indiana State line, in the direction of Terre Haute \$ 650,000

11. A railroad from Peoria to Warsaw - - - - - \$ 700,000

12. A railroad from lower Alton to the Central railroad \$ 600,000

13. A railroad from Bellville via Lebanon to intersect the railroad from Alton to Mt. Carmel - - - - - \$ 150,000

14. A railroad from Bloomington to Mackinaw; and a branch through Tremont to Pekin - - - - - \$ 350,000

15. Finally, of the first money obtained under the provisions of this act there was to be appropriated for the improvement of roads and bridges in Counties through no railroad or canal passed \$200,000

Thus there was a total of \$10,250,000 appropriated by this act for internal improvements. Yet at the time the bill passed the revenues of the State were insufficient to meet the ordinary running expenses of the government.

To provide a fund for the improvements thus authorized, the fund commissioners were directed to negotiate on the faith of the State a loan of a sum not exceeding \$8,000,000. In addition to

the proceeds of loans the internal improvement fund was to include (1) appropriations made from time to time out of the revenue of the State arising from land taxes, (2) all money derived from tolls on any of the improvements, (3) the proceeds of sales and all rents and profits of lands donated, or that should be donated by Congress in aid of the improvements, (4) the balance, after paying the debt due from the State to the school, college, and seminary funds, should be received from the Treasury of the United States according to act of Congress for the distribution of the surplus revenue among the States and (5) all net profits derived from bank stock to be subscribed for by the State.

In the construction of the railroad it was provided that work on them should be begun simultaneously at each end of the respective lines, at important trading towns and at the intersection of the roads with navigable streams. From these points the roads were to be built in both directions," in order that the road may become productive of revenue as early as possible".

When first passed the bill was rejected by the council of revision on the ground " that such works (those proposed in the bill) can only be made safely and economically in a free government by citizens or by independent corporations aided and authorized by government". Notwithstanding the objections of the council the bill passed the legislature again by the constitutional majority and became a law.

Two clauses of the act, the one requiring work to be begun on all the improvements and on various places of each simultaneously and the one appropriating \$200,000 to certain counties in lieu of improvements seem to indicate the manner in which such a large majority in favor of it was secured. In his message of December 7, 1839, Gov. Carlin with reference to these features of the measure said, "I am aware that the system is the result of mutual concession and compromise, and that its advantages were to be dispensed as equally as possible throughout the State, by the construction of improvements in almost every county, and appropriating to those in which no improvements were to be made two hundred thousand dollars in lieu thereof." Niles's comment on this was "This is the most comprehensive system of log rolling softly referred to by the Governor as 'mutual concession and compromise', that we have any record of".

Under the provisions of this act loans for large amounts were promptly made and work was begun on the railroads. The contracts for work were let and large purchases of railroad iron were made in England. For the first two years matters went smoothly. But the extraordinary magnitude of the plan and the troubled financial condition of the time were beginning to make some, even of those friendly to improvements, apprehensive of danger to the State.

Gov. Carlin, in his message to the legislature of 1838-39
/ 57 Niles, 356.

said of the improvement plan "Under the present plan of proceeding near \$2,000,000 have been expended, and whatever diversity of opinion may now exist as to the expediency of the system as originally projected, all must admit that the character and credit of the State forbid its abandonment". But by the end of the year the rapid accumulation of indebtedness and the slow progress made on the improvements had made the abandonment of the system a necessity. A special session of the legislature was called in December 1839 and in February following two acts were passed repealing the act of February 27, 1837 and making provision for closing up as far as possible the work authorized by that act.

The debt for internal improvements amounted at this time to over \$5,000,000. Not all of this sum, however, had been received and expended by the State. A large part of the bonds had been sold and delivered in London and New York to be paid for in installments. But during the financial stringency of 1839 several of the firms which had thus secured quantities of the bonds failed while most of the installments were yet unpaid consequently these loans were unavailable for a considerable length of time, nor did the State ever receive the full amount due on them.

The only one of the projected improvements that was ever completed was the Northern cross railroad from Meredosia to Spring field. When completed it had cost the state \$1,000,000. But as the expenses of its operation were greater than the income derived from

it, after a few years it was sold for \$100,000 paid in State Indebtedness.

Thus in 1841 the internal improvement system had been abandoned, the canal fund was exhausted, and the State was overwhelmingly in debt with the interest on the debt unpaid and no visible means of paying it. To make matters worse the failure of the banks early in 1842 left the channels of trade filled with a well-nigh worthless paper currency. The State bonds were worth only 14 cents on the dollar. It was now that repudiation began to be discussed. Gov. Ford says that when he came into office in 1842 it lay in his power to "make Illinois a repudiating State". Happily the supporters of repudiation were put down and the task of paying off the indebtedness was accepted. The account of the State debt at the close of the year 1842 stood as follows:

For bank stock - - - - -	\$2,665,000
On account of Internal Improvements - - - - -	5,614,000
Canal debt - - - - -	4,338,907
State House - - - - -	116,000
School, college and Seminary funds - - - - -	808,08
Due State Bank for payment of Auditor's warrants - - -	<u>294,190</u>
Total Debt - - - - -	\$13,836,378
Annual Interest - - -	830,12

To meet this indebtedness the State owned 489,450 acres of land of which 238,985 acres were canal lands, 210,132 acres were

/ Governor's Message Dec. 7, 1842.

lands granted by act of Congress, Dec. 4, 1841, and 40,332 acres were lands purchased by the State for internal improvement purposes. It also had the various pieces of unfinished railroads in different parts of the State and a quantity of railroad iron from the European purchase. These resources, however, yielded no revenue and were not available for payments on the debt. The interest for the first half of the year 1841 had been met by advances secured by hypothecating interest bonds at a very low rate. But after July of the year funds could no longer be secured even in this way and the interest on the debt went unpaid.

Only one other means of raising money to pay the interest on the debt remained and that was direct taxation. The use of this means was recommended by Gov. Ford in his message to the legislature of 1842-43. And in February, 1843, an act was passed which raised the minimum valuation of land and levied an additional tax of one mill on all property. This tax was to constitute a fund pledged for the payment of interest on the State debt. And resolutions were passed declaring it the purpose of the State to pay all its obligations in full. The fund thus provided, was at first insufficient to meet the annually recurring interest which for several years longer continued to accumulate.

At the same session of the legislature laws were passed to put in liquidation the two State banks. By the terms of these acts the bonds held by the banks in payment of the stock which the

State had subscribed in them were to be surrendered to the State and cancelled. In return the State was to surrender all its claims as a stock holder in the banks. In this way the indebtedness for bank stock was wiped out. And by the agreement made with the holders of the canal indebtedness in 1844, by which the canal was turned over to them, interest on that part of the debt was stopped.

Within a decade the revenue of the State had increased so that all interest due on the debt could be promptly paid. On February 1, 1857, an act was passed authorizing the funding of all arrears of interest into fifteen year bonds. After 1860 payments on the principal of the debt were made as fast as the bonds fell due. The following table shows the amount of State indebtedness from 1840 to its extinction in 1881:

Year	Amount of Debt
1840	\$12,000,000
1850	15,000,000
1853	16,724,177
1855	13,994,614
1857	12,834,144
1859	11,138,453
1860	10,346,017
1869	5,124,995
1870	4,890,937
1872	2,060,150
1874	1,730,972
1876	1,480,600
1878	802,312
1880	281,059
1881	none

CONCLUSION.

Among the causes of the improvement craze which prevailed about 1836 throughout the States of the Union certain ones have been enumerated as applicable to all the States.

/ Cf. Adams, Public Debts, 325, seq.

The withdrawal of the Federal government from the direct prosecution of public works had thrown the responsibility for the construction of them upon the States. The development of the States required and in a large measure depended upon improved means of communication and transport. Hence the States enthusiastically undertook to construct these upon the decisive withdrawal of the Federal government from that field of activity.

Furthermore Congress donated to the States the surplus revenue of the national treasury and a part of the proceeds on the sales of the public lands to constitute a fund with which the States might construct improvements. The moneys thus received by the States formed no inconsiderable sum and in addition to what was actually received led them to expect even greater aid in the future. Thus the acts for improvements in Illinois without exception contain clauses providing for the disposition of such funds or lands "as might hereafter be granted by Congress" to the State in aid of the particular enterprise.

The period of inflation of speculation which began about 1835 had much to do with causing the States to embark in great public works. The extravagant magnitude of the plans adopted can be attributed almost wholly to the inflated ideas begot by the great rise in prices and the vast profits, which though fictitious were believed to be real, that were derived from speculative and business ventures. To this fact of inflation the adoption of the great

improvement scheme in Illinois is attributed repeatedly in the messages of Gov. Carlin and of Gov. Coles.

Another circumstance which gave an added impetus to the States at this time was the financial and commercial success of the Erie Canal. This work had been completed in 1835 and the calculation had been made at that time that it would pay the debt incurred in its construction in ten years. This calculation had proven correct to within six months. "It was, perhaps, the successful management of this New York enterprise, more than any other one thing that occasioned the outburst of enthusiasm in favor of local improvements." ⁴ Of Illinois especially is this true. The success of the Erie Canal, was, it may safely be said, directly responsible for the undertaking of the Illinois and Michigan canal at the time and on the scale that it was undertaken.

The following passage from Gov Duncan's message in 1835 well illustrates the feelings of buoyancy and local pride with which the State undertook the task of supplying herself with a system of improvements. After having spoken of the Erie Canal and improvements in New York and Pennsylvania, the Governor appealed to the legislature as follows:

"When we look abroad and see the extensive lines of internal communication peretrating almost every section of our sister States - when we see the Canal-boat and the Locomotive, bearing, with seeming triumph, the rich productions of the interior to the rivers, the lakes, and the ocean, almost annihilating time, burthen and

Adams, Public Debts, 330.

space, what patriot bosom does not be at high with a laudable ambition to give to Illinois her full share of those advantages which are adorning and enriching her sister States, and which a munificent Providence seems to invite by the wonderful adaptation of our whole country to such improvements".!

The competition of the cities of the Atlantic sea board for the trade of the western States also had its effect. This rivalry led merchants in these cities to lend freely to improvement enterprises that were likely to prove advantageous to themselves. It is, however, easy to overestimate the importance of this factor. The loans made to the States were as such generally regarded as profitable investments. Their liberality was due to the process of inflation through which the country was passing.

In Illinois one of the strongest arguments in favor of the system of improvements was that it would encourage immigration. Much of the land in the State was held by speculators as a great influx of immigrants meant wealth to them. To the settlers of the State likewise the coming of immigrants would bring social and material advantages. Therefore whatever was designed to promote immigration would meet with universal favor.

Another thing worthy of notice is that in every case the projected improvements were to be paid for without an increase of taxation. They were to be constructed with borrowed funds which were to be repaid out of the revenue derived from the works when
/Governor's Message Dec. 7, 1835.

completed. Meanwhile the interest on the debt was to be paid from special sources. In the case of the Illinois and Michigan Canal debt, the interest was to be paid by sales of canal lands. In the case of the internal improvement debt the interest was to be paid from the surplus profits on the bank stock held by the State, after deducting the interest of the bonds issued to pay for the stock. This idea of making the improvements pay for themselves bears the marks of the influence of the success attending the construction of the Erie Canal.

Finally in considering the causes of the craze for improvements at this period, some weight must be given to the real need that existed for better means of communication and transport and their very great importance to the States. Probably their value was not overestimated by the promoters of these schemes, but it is not too much to say that the methods adopted to obtain the advantages offered by improvements were nothing short of business insanity.

The failure of the improvements planned by Illinois was due primarily to the excessive use made of the State's credit. The canal by itself could, perhaps, have been carried forward uninterruptedly to completion, but when an additional indebtedness of millions was incurred on account of the banks and the railroad improvement scheme the strain became greater than the credit of the State could bear.

The time of undertaking improvements followed so suddenly as it was, by the financial panics of 1837 and 1839 was most unfor-

fortunate. The panics served to aggravate though they in no sense caused the financial difficulties of the State.

The affect on her wellfare of the vast indebtedness incurred by Illinois for improvements is noticeable in two respects. In the first place, there was a decided check to immigration. From 1840 to 1845 the population of the State remained at a standstill. This fact is doubtless due in part to the business depression following inflation and the panics of 1837 and 1839. But Gov. Ford attributes it wholly to the high taxes and indebtedness of the State.¹ In the second place the construction of improvements received a set back which lasted more than a decade when they were again undertaken, it was by private corporations and not by the State.

¹ Ford, History of Illinois, 133.